

Komer
NIE 24-56
7 February 1956

**NATIONAL INTELLIGENCE ESTIMATE
NUMBER 24-56**

(Supplements NIE 24-54)

THE POLITICAL OUTLOOK IN ITALY

DOCUMENT NO. 1
NO CHANGE IN CLASS. 1
☒ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 6-22-81 REVIEWER: 009256

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 7 February 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside their jurisdiction.

File 1

COPY NO. **257**
ASSISTANT DIRECTOR, ONE

~~SECRET~~

CENTRAL INTELLIGENCE AGENCY

DISSEMINATION NOTICE

1. This estimate was disseminated by the Central Intelligence Agency. This copy is for the information and use of the recipient indicated on the front cover and of persons under his jurisdiction on a need to know basis. Additional essential dissemination may be authorized by the following officials within their respective departments:

- a. Special Assistant to the Secretary for Intelligence, for the Department of State
- b. Assistant Chief of Staff, Intelligence, for the Department of the Army
- c. Director of Naval Intelligence, for the Department of the Navy
- d. Director of Intelligence, USAF, for the Department of the Air Force
- e. Deputy Director for Intelligence, Joint Staff, for the Joint Staff
- f. Director of Intelligence, AEC, for the Atomic Energy Commission
- g. Assistant Director, FBI, for the Federal Bureau of Investigation
- h. Assistant Director for Central Reference, CIA, for any other Department or Agency

2. This copy may be retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Office of Central Reference, CIA.

3. When an estimate is disseminated overseas, the overseas recipients may retain it for a period not in excess of one year. At the end of this period, the estimate should either be destroyed, returned to the forwarding agency, or permission should be requested of the forwarding agency to retain it in accordance with IAC-D-69/2, 22 June 1953.

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

DISTRIBUTION:

White House
National Security Council
Department of State
Department of Defense
Operations Coordinating Board
Atomic Energy Commission
Federal Bureau of Investigation

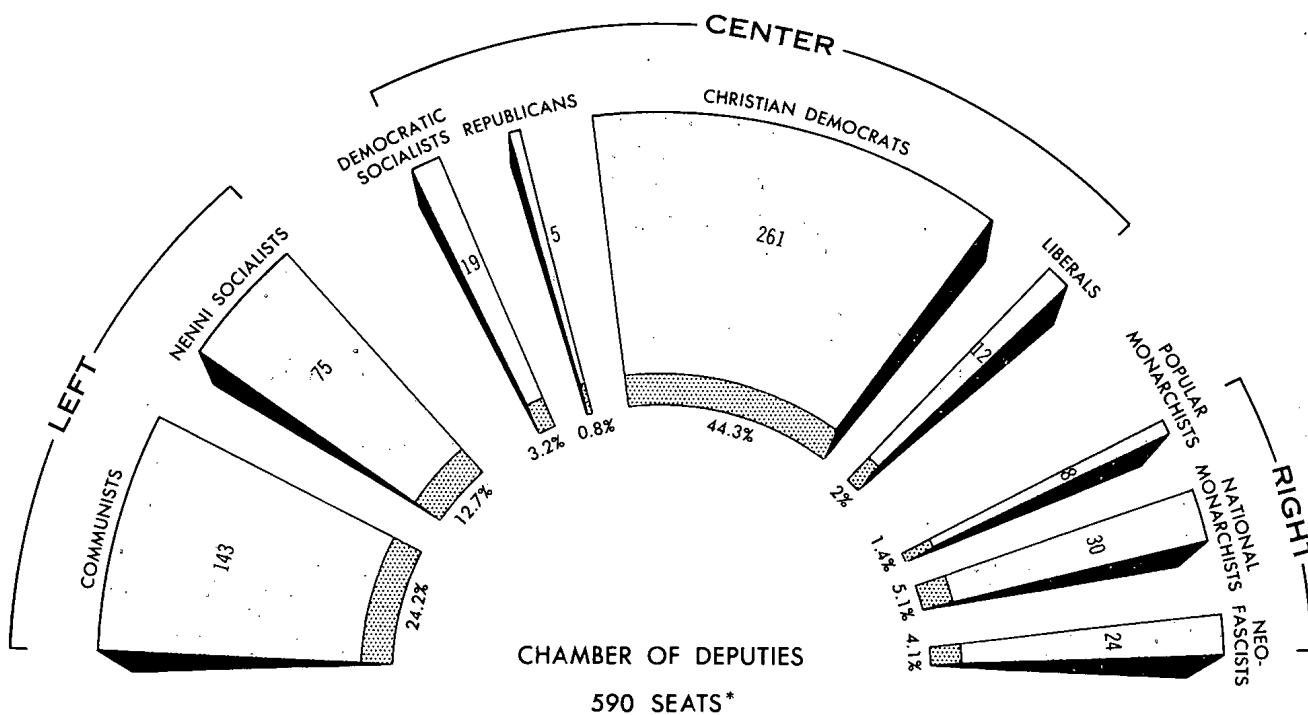
CHART _____

Party composition of the
Italian chamber of deputies

_____ 1 January 1956

PARTY COMPOSITION OF THE ITALIAN CHAMBER OF DEPUTIES

1 January 1956



*The remaining thirteen seats (2.2%) not depicted on the chart include one seat held by a new Liberal splinter group and twelve seats held by deputies who cannot be readily classified with any of the above parties because they represent individual, dissident or regional points of view.

25225 2-56

~~SECRET~~

THE POLITICAL OUTLOOK IN ITALY

THE PROBLEM

To estimate probable political developments in Italy through 1958 and their implications for Italian domestic and foreign policy.

SCOPE

The most notable recent development in the Italian scene has been the growing interest in the possibility of parliamentary cooperation between the governing center coalition and the parties of the extreme left, particularly the Nenni Socialists.¹ This estimate is principally devoted to an examination of this possibility and of other discernible trends in the Italian political scene. In other respects the conclusions of NIE 24-54, which dealt with probable developments in Italy through 1958, remain generally valid. In particular, it should be emphasized that underlying any discussion of Italy are the fundamental economic and social weaknesses of that country which, together with military trends, were explored more fully in the earlier estimate.

CONCLUSIONS

1. The current political situation in Italy is characterized by growing popular pressure for more rapid progress in a domestic reform program, by the governing center coalition's lack of the cohesion and discipline necessary to enact such a program, and by the extreme left's tactics

of supporting the coalition in important votes on domestic issues. Most Italians believe that the danger of general war has receded and there is a feeling that Italy should give primary attention to the solution of its domestic problems. Despite continued industrial growth and comparative financial stability, the severe problem of unemployment remains and the need for social reform persists. (Paras. 11, 31, 36)

¹This possibility is currently characterized in Italy as the "opening to the left." However, the phrase has no precise or generally accepted definition. It is used to describe a variety of possible arrangements, from mere parliamentary support of center coalition reform measures by the Nenni Socialists to a Popular Front government including Nenni Socialists and Communists.

2. The Christian Democratic Party lacks the cohesion and discipline necessary to fashion strong and stable governments

~~SECRET~~

~~SECRET~~

THE POLITICAL OUTLOOK IN ITALY

THE PROBLEM

To estimate probable political developments in Italy through 1958 and their implications for Italian domestic and foreign policy.

SCOPE

The most notable recent development in the Italian scene has been the growing interest in the possibility of parliamentary cooperation between the governing center coalition and the parties of the extreme left, particularly the Nenni Socialists.¹ This estimate is principally devoted to an examination of this possibility and of other discernible trends in the Italian political scene. In other respects the conclusions of NIE 24-54, which dealt with probable developments in Italy through 1958, remain generally valid. In particular, it should be emphasized that underlying any discussion of Italy are the fundamental economic and social weaknesses of that country which, together with military trends, were explored more fully in the earlier estimate.

CONCLUSIONS

1. The current political situation in Italy is characterized by growing popular pressure for more rapid progress in a domestic reform program, by the governing center coalition's lack of the cohesion and discipline necessary to enact such a program, and by the extreme left's tactics

of supporting the coalition in important votes on domestic issues. Most Italians believe that the danger of general war has receded and there is a feeling that Italy should give primary attention to the solution of its domestic problems. Despite continued industrial growth and comparative financial stability, the severe problem of unemployment remains and the need for social reform persists. (Paras. 11, 31, 36)

2. The Christian Democratic Party lacks the cohesion and discipline necessary to fashion strong and stable governments

¹This possibility is currently characterized in Italy as the "opening to the left." However, the phrase has no precise or generally accepted definition. It is used to describe a variety of possible arrangements, from mere parliamentary support of center coalition reform measures by the Nenni Socialists to a Popular Front government including Nenni Socialists and Communists.

~~SECRET~~

now that the fear of Communism in Italy appears to have diminished. The party suffers from factionalism and personal rivalries, and the coalition governments which it has dominated have not accomplished enough of their reformist programs to satisfy their electorate. Some of those in the party who favor more rapid progress in domestic reforms are prepared to obtain the necessary votes by reaching some accommodation with elements to the left. In particular, President Gronchi has advocated parliamentary cooperation between the Christian Democrats and the Nenni Socialists, and has been exercising his influence to encourage this development. As of the moment, however, most Christian Democratic leaders are opposed to an open partnership with the Nenni Socialists so long as the latter retain their Communist ties. (*Paras. 13, 16-19, 40*)

3. The Communists have suffered some setbacks during the past year. These losses have occurred both in the trade unions and in the Sicilian regional elections. More important than the actual loss of votes has been its psychological effect — a widespread impression in Italy that the Communist Party has passed the zenith of its electoral strength. Nevertheless, the Italian Communist Party is still the largest in Western Europe, its electoral appeal remains great, and the recent setbacks cannot be regarded as a decisive reversal of trend. (*Paras. 24-25*)

4. The Nenni Socialist Party has become increasingly important in Italian politics because of its recent electoral gains, Communist setbacks, and the increased interest of certain Christian Democrats in pushing social reform. The Nenni So-

cialists have been encouraging the idea of cooperation between themselves and the Christian Democrats, and some of them have cultivated the impression that a growth in Nenni Socialist electoral support might eventually enable them to break with the Communists. Nevertheless, it is improbable that Nenni would give up his alliance with the Communists, even in order to enter a coalition with the center. (*Paras. 27-30*)

5. The Christian Democratic Party will dominate all Italian governments between now and the next general elections. Because of lack of agreement and discipline within the party, many of its leaders will probably welcome, and some may even solicit, the votes of the Nenni Socialists to push the reformist program to which the Christian Democrats are committed. In this event, a tacit collaboration between the government and the Nenni Socialists would probably emerge. We believe it unlikely, however, that such collaboration would be translated into a formal agreement. (*Paras. 38-40*)

6. Such a tacit collaboration between the government and the Nenni Socialists would be precarious and possibly short-lived. It could be endangered both by increasing demands from the extreme left in return for its support and by the restiveness of the Christian Democratic right in supporting a government which was consistently advocating reform legislation. (*Para. 41*)

7. If this tacit collaboration should break down, the situation might relapse into virtual immobility, or during a period of severe governmental crisis could result in a formal agreement between the center and the extreme left. We believe, how-

~~SECRET~~

3

ever, that the Christian Democratic leaders will in general continue their present course, avoiding either formal collaboration with Nenni or the virtually static government which would follow were they to surrender to rightist pleas for a halt in the reform program. (Para. 42)

8. In the next general elections, which must be held by 1958, we believe the parliamentary strengths of the various parties will not be greatly altered. The political center of gravity will probably shift somewhat to the left. However, the maneuverings of parties and factions, the struggles for personal power among political leaders, the nature of progress toward reform, and possibly changes in the

international situation might alter the direction or dimensions of present trends. (Para. 45)

9. We believe that Italian foreign policy is likely to continue its pro-Western character. Italy will probably, however, display increasing independence and seek to avoid the appearance of subservience to the United States. (Para. 46)

10. However, if Nenni Socialist collaboration were to continue for some time or to become formal, or if the Nenni Socialists actually participated in the government, there would be serious danger that Italy's pro-Western policy would be gradually eroded even though not officially abandoned. (Para. 48)

DISCUSSION

11. The current political situation in Italy is characterized by growing popular pressure for more rapid progress in a domestic reform program, by the governing center coalition's lack of the cohesion and discipline necessary to enact such a program, and by the extreme left's tactics of supporting the coalition in important votes on domestic issues. The practical political necessity for the center, and particularly for the Christian Democratic Party, to show a record of accomplishment has raised the question whether some sort of accommodation with leftist groups will be arrived at and, if so, what the nature of such arrangements might be.

12. Ever since the general elections of 1953, which produced only a bare majority for the center parties,² those parties have had serious difficulties in devising governments with anything but an uncertain life expectancy. Following a series of cabinet crises, a three-party coalition dominated by the Christian Demo-

crats, including Democratic Socialists and Liberals, and supported by the Republicans, came to power in February 1954 under the premiership of Mario Scelba. This government managed to survive for 16 months, but factionalism within and among the center parties finally forced it to resign in June 1955. Another center coalition was then formed under the premiership of Antonio Segni, also a Christian Democrat. This government is still in office, but inasmuch as the factors which brought down Scelba still obtain, it could be forced out at almost any time.

13. An already delicate political situation was further complicated by the election of the left-wing Christian Democrat, Giovanni Gronchi, as president of the republic in April 1955. His election, which was opposed by Party Secretary Fanfani (himself the leader of a left-center Christian Democratic faction), resulted from cooperation between right and left wing Christian Democratic elements supported by Nenni Socialists, Communists, Monarchists, and even some Neo-Fascists. Since his election, Gronchi has been exercising the

² The party composition of the Italian Chamber of Deputies is shown in the attached chart.

~~SECRET~~

~~SECRET~~

4

power and influence of his office, which had theretofore been regarded primarily as ceremonial, to strengthen his personal political position and to advance his political ideas. Gronchi opposes continuance of the present center coalition arrangement, under which he believes it is impossible to enact a reform program and to detach the Nenni Socialists from the Communists. In order to accomplish these objectives, Gronchi has been more or less openly advocating parliamentary cooperation between the Nenni Socialists and the Christian Democrats. His ideas seem to be gaining increasing acceptance within his own party and in the country.

14. The issue of an "opening to the left" has become a dominant factor in Italian politics. It has been given further impetus by the belief in Italy that there has been a relaxation of international tension, by some apparent divergences between Communist and Nenni Socialist propaganda within the past year, by Nenni Socialist electoral gains in the Sicilian elections of June 1955, by apparent difficulties within the Italian Communist Party, and by the reduced fear of the Communist menace in Italy.

15. The issue is complicated by the intricate maneuvers of the various parties and factions. It is primarily the development of party and factional strength and position which will determine whether there will be any kind of systematic cooperation between the extreme left and the center and what direction will be taken by Italian domestic and foreign policy over the next several years.

I. TRENDS IN PARTY STRENGTH AND COHESION

16. *The Christian Democrats.* The Christian Democratic Party is essentially a loose organization representing a broad spectrum of social and economic interests. Particularly during the early postwar period, anticlerical elements, conservatives, and a portion of the moderate left voted Christian Democratic because the party appeared to be the only stable and large organization opposed to both Communism and Fascism. By 1953 the overriding fear of Communism had dwindled, and in the

elections of that year the Christian Democrats lost about 20 percent of their electoral support and no longer commanded a majority in parliament. Moreover, since that time the Christian Democratic Party has lacked the cohesion and discipline necessary to fashion strong and stable governments.

17. The Christian Democrats are divided into numerous factions and personal groups not all of which can be easily classified as right-wing, left-wing, or center. Within the party organization and the Christian Democratic parliamentary delegation, left and left-center points of view appear to comprise a majority at the present time. One important left-center element, the *Iniziativa Democratica* group led by Party Secretary Fanfani, is the largest single faction. At the party conference of June 1954, Fanfani succeeded in securing almost complete control over the party machinery, and since then has made every effort to consolidate his hold. If he can retain control until the next parliamentary elections, he will be in a strong position to name the party's candidates. Meanwhile, he has been trying to convert the party from a loose association into a disciplined and well organized political entity. However, Fanfani's ambition to dominate the party has stimulated strong opposition from old guard elements of both the left and right. He has never dominated the Christian Democratic parliamentary delegation, and his aggressiveness and attempts to freeze out prominent party leaders have accentuated the personal antagonisms and rivalries which already existed. A Christian Democratic parliamentary group, drawn from both left and right wings and known as the *Concentrazione*, has been formed largely on the basis of opposition to Fanfani. It is this group which brought down Scelba and engineered the election of Gronchi. Nevertheless, despite all these internal problems, the party has shown continued strength in certain local elections and in the Sicilian regional elections.

18. The two most recent cabinets, those led by Scelba and Segni, have represented the left-of-center point of view and were formed largely in response to a demand for greater

~~SECRET~~

progress toward domestic reform. The Scelba government, which fell in June 1955, was unable to carry out such policies because of the resistance of the right wings of the Christian Democratic and Liberal parties. The Segni government has had greater success. The parliament has recently taken action to limit the jurisdiction of military courts over civilians; to establish the Constitutional Court, which had been postponed repeatedly since 1948; and to enact the so-called Tremeloni tax reform bill, which had been obstructed for almost two years in parliament. The Nenni Socialists and the Communists claim that these legislative accomplishments would have been impossible without their support, though the circumstances of the voting make it impossible to verify these claims. Nevertheless, the fact that the Segni government with such support has accomplished more of its avowed program than any predecessor government since 1953 has probably served to convince some Christian Democrats that cooperation with the extreme left, at least with the Nenni Socialists, would be not only feasible but desirable.

19. It is probable that the Christian Democratic Party will continue to favor a program of reforms. However, the party will probably have difficulty agreeing on the precise nature of such a program because of the intense personal rivalries and policy differences within the party. Nevertheless, the influence of Gronchi's ideas, the apparent decline of the Communist danger, and the obvious need for action on the economic front, all combine to give strength to those in the party who favor a dynamic program and are prepared to obtain the necessary votes by reaching some accommodation with elements to the left. At present, however, neither Segni nor Fanfani is prepared to develop a partnership with the Nenni Socialists so long as the latter retain their Communist ties.

20. The Vatican and the other organs of Church power in Italy are opposed to Christian Democratic-Nenni Socialist collaboration, at least as long as the latter group remains allied with the Communists. The Church's primary concern in this connection is in main-

taining the integrity of the Christian Democratic Party so as to keep intact the largest possible Catholic counterweight to the Nenni Socialists and Communists. However, the Church, while exercising a considerable broad influence within the Christian Democratic Party, finds its influence diffused when brought to bear on the various factional maneuvers and disputes. There are varying shades of political opinion within the Church and the clergy, and the position of the Church may not have been fully developed at such time as the issue of an accommodation between the Christian Democrats and Nenni Socialists might become critical. Meanwhile, influential elements within the Vatican will continue to urge Christian Democratic leaders to press for moderate social reforms in the legislative field in an effort to lessen the seductive appeal of the Nenni Socialists.

21. *The Minor Center Parties.* The minor center parties—the Democratic Socialists, Liberals, and Republicans—have either participated in or generally supported the predominantly Christian Democratic governments since 1948. However, they have been faced with the continuing dilemma of furnishing this support and at the same time maintaining their own identities. The resulting compromises have both contributed to the ineffectiveness of recent coalition governments and undermined the position of the minor parties with their own electoral supporters. The minor parties have all lost steadily since 1952.

22. There is increasing dissension within these parties over participation in coalitions with the Christian Democrats, but there is also apprehension over the consequences of withdrawing from the coalition. Withdrawal would probably result in a minority Christian Democratic government which might become increasingly dependent upon the Nenni Socialists for parliamentary support. This would be anathema to the Liberals, who would fear that the resulting legislation would become more radical and dangerous to their economic interests. The Democratic Socialists, whose objective is to provide the democratic socialist alternative to the Nenni Socialists, would no longer have a good reason

for existence. There are, therefore, strong reasons why these parties should continue in coalition with the Christian Democrats even at the risk of further electoral losses.

23. *The Right.* The right, as represented by two Monarchist factions and the neo-fascist Italian Social Movement, has suffered serious losses in local elections since 1953, and there are no indications that this trend will be arrested or reversed. Their own inflexibility and lack of political acumen, the reformist pressure in Italian politics, and a comparative dearth of issues (e. g., Trieste) which lend themselves to nationalist exploitation, all suggest that the rightist parties are in a poor position to attract increased electoral support.

24. *The Communists.* The Communists have suffered some setbacks during the past year. In the Sicilian regional elections in June 1955 the Communists lost about three percent of the vote they received in the 1953 national elections. In the labor field, the more effective competition from the free trade unions, aided by US offshore procurement policy and by management intervention, has made some inroads on the Communist domination of the trade union movement. In votes at factory elections held during 1955, the Communist-dominated unions suffered about a 15 percent drop. More important than the actual loss of votes has been its psychological effect — a widespread impression in Italy that the Communist Party has passed the zenith of its electoral strength.

25. However, these setbacks cannot be regarded as a decisive reversal of trend. The Italian Communist Party remains the largest in Western Europe. The electoral appeal of Communism is still great, and the situation in Italy is such that the Communists might gain rather than lose strength in the future. High unemployment, low living standards, and the failure of the center coalition to carry out an effective reform program, continue to encourage a Communist protest vote. At the same time, the less bellicose attitude of the Soviet leaders and the united front tactics of the Italian Communist Party have reduced the fear that a vote for the Communist Party will lead to Muscovite domination.

26. Since June 1955, the Communists themselves have adopted the "opening to the left" slogan and have given the appearance of being willing to negotiate with the Christian Democrats. Tactically, there would be advantages for the Communists in allowing the Nenni Socialists to cooperate with the center. It would put the Nenni Socialists in a position to work more effectively for abandonment of anti-Communist measures, for a weakening of Italian ties with the West, and for a reduction of the industrial and financial strength of the right. On the other hand, there would be the possibility that the Nenni Socialists, by collaborating with the center, might gain electoral and financial support on their own account and become less dependent upon the Communists. At present there is no evidence that the Communists are prepared to do more than exploit the idea that cooperation between the Christian Democrats and the extreme left is both desirable and possible.

27. *The Nenni Socialists.* The Nenni Socialists, who furnish about one-third of the voting strength of the left bloc in the Chamber of Deputies, have been the junior partner in the alliance with the Communists. During the past year Communist setbacks, the increased interest of center party elements in pushing social reform, and the gains made by the Nenni Socialists in the Sicilian elections at the expense of both the Communist and the minor center parties, have increased the importance of the Nenni Socialists in Italian politics. Since 1951 they have been running candidates under their own party labels instead of on joint lists with the Communists, and some of these candidates have cultivated the impression that a growth in Nenni Socialist electoral support might eventually enable them to break with the Communists.

28. At their national congress in 1955, the Nenni Socialists made a special effort to foster the idea of collaboration with the center. They offered to negotiate with the Christian Democrats for a more leftist domestic program and attempted to give the appearance of a more conciliatory position on foreign policy. In parliamentary committees they have proved more cooperative with the center,

~~SECRET~~

and in the trade unions they have on occasion been in conflict with the Communists. Nevertheless, at their national congress they specifically reaffirmed their adherence to the unity of action pact with the Communists.

29. While some leaders of the Nenni Socialist Party have never approved of the Communist alliance and would like to be free of it, there are a number of factors which would make it difficult for the party to split with the Communists: infiltration of the party cadres by Communists, substantial Communist financial support, continuing Communist domination of the trade union movement, and an emotional and historic attachment to the idea of working class unity. The advantage of gaining a position in the government and probably some electoral support from the center might be offset by the danger of losing electoral support to the Communists and of being out-manuevered by the Christian Democrats once the ties with the Communists were severed.

30. Nenni is still the dominant figure in the party, and cooperation with the center would probably not take place without his approval. Throughout his career he has advocated working class unity. In 1947 he allowed the Socialist Party to split over the Communist alliance, a step which reduced the party he controlled from the dominant leftist party to a weakened minority party which became financially dependent upon the Communists and vulnerable to Communist infiltration. He has recently reaffirmed his adherence to this alliance. At present he appears so wedded to the idea of unity of action with the Communists that it is improbable, so long as the Communists remain an effective political force, that he would give up his alliance, even in order to enter a coalition with the center.

II. FACTORS AFFECTING POLITICAL OUTLOOK

Economic Situation

31. The perennial problems which form the backdrop of Italian politics are overpopulation and unemployment. Although the Italian economy has continued to grow, with in-

dustrial production at new high levels in 1955, the growth has only slightly alleviated the unemployment problem. It is estimated that GNP in real terms increased by about 7 percent in 1955, compared with 4.2 percent in 1954 and 7.1 percent in 1953. Gold and dollar reserves are increasing, and economic stability has been maintained. In 1955, for the first time since World War II, the number of jobs created was greater than the increment to the labor force. Nevertheless, about two million persons remain unemployed and another two million underemployed, the two groups together constituting about one-fifth of the total labor force.

32. All factions in the governing coalition agree that something ought to be done about the employment problem. They also agree that this is the only way over the long term to reduce the political power of the extreme left. To accomplish these dual political and economic objectives Budget Minister Vanoni has sponsored a ten-year economic expansion program. The "Vanoni Plan", which still exists only in broad outline, implies a massive program of public and government-induced investment in agriculture, public works, and public utilities. The scheme envisages the stimulation of private investment and the creation of about four million new jobs. The plan has become so widely publicized — despite the fact that it has been neither precisely formulated nor introduced in parliament — that it has become almost a policy commitment of the Segni government and a political symbol of the Christian Democratic Party.

33. Originally based on the assumption that about one billion dollars of US aid could be obtained over a five-year period, the Vanoni Plan was sufficiently conservative in nature and effect to acquire the support of right-wing coalition elements. As the prospect of obtaining the projected US aid declined, it became apparent that the plan could not be carried out unless substantial state control measures were introduced. It was also suggested that the plan could include antimonopoly provisions and agrarian and fiscal reform, in order to attract support on the left. While these suggestions led Nenni Socialists to praise the

~~SECRET~~

plan, they provoked opposition on the right. As of the moment, the present government leaders cannot drop the plan, but neither can they enact it without the difficult and politically embarrassing necessity of enlisting Nenni Socialist support.

34. If Italy does not undertake an extraordinary development program, there may be a slight decrease in its present rate of economic growth, as US aid and offshore procurement expenditures decline. However, the Italian economy will probably continue to grow so long as there is a continued growth in the Western economies. Meanwhile, the present rate of growth of the Italian economy seems to be enough to prevent increased unemployment.

The International Situation

35. The international political situation which existed from 1947 to 1953 had a profound effect upon Italian politics. Fear of internal and external Communist aggression strengthened the popular appeal of the center parties and encouraged those parties to seek protection and assistance from the United States. It was also believed that close association with the other nations of Western Europe would provide economic advantages, encourage national self-respect, strengthen Italy's defensive position, and generally weaken the appeal of the extreme left. Italy has therefore been one of the strongest supporters of European integration schemes.

36. During the past year or two, however, popular fear of the internal and external Communist menace has been diminishing. Although less inclined than some of their neighbors to indulge in optimistic hopes as a result of the Soviet effort to relax tensions, the Italians have shared the view that danger of general war has receded. The present Italian government does not fully share this popular optimism; it has firmly supported the US position in international questions and has attempted to temper the public view. Nevertheless, the recent spirit of relaxation has had the effect of increasing the feeling that Italy should now give primary attention to the solution of its pressing domestic problems.

III. THE POLITICAL OUTLOOK

37. The immediate outlook for Italian politics is for a continued maneuvering among the various parties and factions in preparation for the "administrative" elections³ of 1956 and the national elections of 1958. Each will seek to better its position by organizational efforts and by laying the groundwork for claims of progress toward social and economic reform.

38. The present coalition under Premier Segni will probably continue its attempts to carry out a reform program. It is impossible to estimate how long this government will survive, because of the continuing intrigues against it and because of the opposition which its program is generating among rightists within and outside the dominant Christian Democratic Party. Whether or not the present government survives, however, the Christian Democrats will dominate any Italian government holding office between now and the next general elections. Moreover, because the Christian Democrats and the minor parties of the center are committed to a reform program, and because the temper of the country is strongly in favor of reform, any successor to the present Segni government will be under some compulsion to enact reform measures.

39. Although the Christian Democrats may show gains in the administrative elections of 1956, these gains will probably not be sufficient either to enable Christian Democratic leaders to generate the additional party discipline necessary to push through a reform program based on center coalition strength alone, or to encourage them to risk a call for early national elections. In these circumstances, many Christian Democratic leaders will probably welcome, and some may even solicit, the votes of the Nenni Socialists on measures for economic development and reform. In this event, tacit collaboration between the government and the Nenni Socialists would probably emerge.

³These are local elections which are held on a nationwide basis for selection of communal and provincial councils. They do not affect the composition of parliament.

~~SECRET~~

40. We believe it unlikely, however, that such collaboration would be translated into a formal agreement. Most of the Christian Democratic leaders are currently opposed to a formal agreement with Nenni unless he breaks with the Communists. We believe it unlikely that Nenni will break with the Communists or that the Christian Democratic leadership will alter its present position regarding such a formal agreement. Moreover, the Christian Democratic leadership probably recognizes that a formal agreement, without a break between Nenni and the Communists, would probably split the Christian Democratic Party—a development which the organization leadership and the Vatican will almost certainly seek to avoid.

41. Even the situation of tacit collaboration between the government and the Nenni Socialists, which we foresee, will be precarious and possibly short-lived. On the one hand, Nenni or his Communist allies might make increasing demands in return for their support or might at any time become convinced that their support was improving the position of the center more than it was their own—and discontinue collaboration. On the other hand, fear of the consequences of growing collaboration with the left and consistent government support of reform legislation would make rightist elements within the center coalition increasingly restive and might lead them to threaten to bring down the government unless collaboration was brought to an end.

42. If this tacit collaboration should break down, the political situation would become fluid. The government might relapse into virtual immobility. A fundamental weakness in Italian democracy, namely the lack of a democratic alternative to a government dominated by the Christian Democrats, would become even more evident. With the center currently divided both by honest disagreements and personal and factional rivalries, the formation of effective governments with a reliable base of parliamentary support would become exceedingly difficult. The resultant immobility would probably lead eventually to further defections within the electorate from

the center principally in the direction of the left. On the other hand, the possibility cannot be excluded that, in the event of a prolonged and severe governmental crisis, President Gronchi and those who share his views would be presented with an opportunity to translate into reality their political ideas relative to an "opening to the left," and some kind of formal collaboration between the center and the extreme left might evolve. Nevertheless, it appears most likely that the Christian Democratic leaders will in general continue their present course, avoiding either formal collaboration with Nenni or the virtually static government which would follow were they to surrender to rightist pleas for a halt in the reform program.

43. One development which could check the tendencies described would be a return to an international situation comparable to that which prevailed prior to the death of Stalin. Increased concern over the Communist menace might override the emerging domestic concerns and give new unity and added strength to the center. So long as the present international climate prevails, however, it is unlikely that anti-Communism will be as effective a rallying point for the center as it was prior to 1953.

44. Another development which could check these trends would be a substantial improvement in the organizational and popular strength of the Christian Democrats. Even if the administrative elections of this spring failed to demonstrate such improvement, it could nevertheless occur through subsequent strengthening of the local organizations, especially if accompanied by the enactment of reform measures and development programs which had a visible effect upon the individual voter. If this proved to be the case, or if the administrative elections should demonstrate a substantial increase in Christian Democratic strength, the leadership might call new elections some time prior to the scheduled date in 1958, in order to capitalize upon such gains.

45. We believe that the results of the next general elections will not greatly alter the parliamentary strengths of the various par-

~~SECRET~~

ties. Present trends, if continued, would produce some weakening of Communist and some increase in Nenni Socialist strength. The Christian Democrats, if they can maintain a reasonable semblance of unity, might also make some gains at the expense of the right and the minor center parties. We believe it probable that the political center of gravity will shift somewhat to the left. However, the maneuverings of parties and factions, the struggles for personal power among political leaders, the nature of progress toward reform, and possibly changes in the international situation might alter the direction or dimensions of present trends.

46. Unless Nenni Socialist influence on the Italian government should prove greater than we currently estimate, it appears likely that Italian foreign policy, at least until general elections are held, will continue its pro-Western character. Pro-Western sentiment is so firm among the majority of the population that it cannot be easily dissipated, even though individuals are becoming more concerned with internal rather than international problems. Nevertheless, Italy will probably

display an increasing propensity for taking independent initiatives and avoiding an appearance of subservience to the United States.

47. While Italian participation in NATO and other Western organizations almost certainly will continue to be supported, preoccupation with domestic concerns, competing programs and demands, and national *amour propre* will tend to outweigh Italian concern for the Free World position. Accordingly, Italy will probably be somewhat less enthusiastic in advancing the objectives of these organizations, and there may be a tendency to reduce support for them. Some cut in military budgets is probable.

48. Tacit collaboration of the government with the Nenni Socialists would probably not have a significant immediate effect upon Italian foreign policy. However, if Nenni Socialist collaboration were to continue for some time or to become formal, or if the Nenni Socialists actually participated in the government, there would be serious danger that Italy's pro-Western policy would be gradually eroded even though not officially abandoned.

~~SECRET~~

~~SECRET~~

~~SECRET~~